

**ACCOUNTING EXAMINING BOARD MEETING  
MINUTES  
FEBRUARY 5, 2004**

**PRESENT:** Sharon Hamilton, Jim Johnson, Frank Probst, Frederick Franklin, and Thomas Kilkenny

**EXCUSED:** Roman Jungers II

**STAFF PRESENT:** Jerry Lowrie, Bureau Director; Ruby Jefferson-Moore, Legal Counsel; Pat Schenck, Program Assistant; Darwin Tichenor, Barbara Showers, Exam Center; and Division of Enforcement Staff

**GUESTS:** Arland Stone, WAA  
LeRoy Schmidt WICPA  
Karen Bindl, DHS

**CALL TO ORDER**

Jim Johnson, Chair, called the meeting to order at 9:00 a.m. A quorum of five members was present.

**AGENDA**

**Additions to Agenda:**

- Add to Item 6 f. - Letter from LeRoy Schmidt WICPA requesting approval of AICPA Peer Review Program administered by the WICPA required by Accy 9.05 rules on Peer Review.
- Addition to Item 7. b: - Frank Probst - Add Nomination for NASBA Officer for consideration
- Red Folder Items: Idaho State Board of Accountancy and NASBA newsletter.
- Add to Board Member Activities: NASBA Committee - Tom Kilkenny
- Addition to Item 10. a. - Unauthorized Practice of Law

**MOTION:** Sharon Hamilton moved, seconded by Tom Kilkenny, to approve the agenda with additions. Motion carried unanimously.

**ELECTION OF OFFICERS FOR 2004.**

The Accounting Board held open elections for Board Officers for 2004.

**MOTION:** Sharon Hamilton moved, seconded by Tom Kilkenny to retain the same officers. Motion rescinded.

**MOTION:** Sharon Hamilton moved, seconded by Tom Kilkenny to nominate Jim Johnson as Chair. Motion carried unanimously.

**MOTION:** Sharon Hamilton moved, seconded by Frank Probst to nominate Thomas Kilkenny as Vice Chair. Motion carried unanimously.

**MOTION:** Sharon Hamilton moved, seconded by Frank Probst, to nominate Fred Franklin as Secretary. Motion carried unanimously.

**APPOINT BOARD REPRESENTATIVES FOR SCREENING PANEL  
2004 SCREENING PANEL APPOINTMENTS**

Jim Johnson, Chair, called for Board members to schedule dates when they could serve as screening panel members.

**MOTION:** Frank Probst moved, seconded by Sharon Hamilton to retain the same screening panel members, Sharon Hamilton, Roman Jungers, and Tom Kilkenny. Motion carried unanimously.

**MINUTES – DECEMBER 5, 2004**

**MOTION:** Sharon Hamilton moved, seconded by Frank Probst, to approve the minutes of December 5, 2004 as written. Motion carried unanimously.

**ADMINISTRATIVE REPORT, JERRY LOWRIE**

Mary Schlaefel met with the Board to discuss the building renovation and invited the Board members to take a tour of the new space after the meeting.

**INTRODUCTION OF KAREN BINDL**

Mr. Johnson, Chair, introduced the new Board member, Karen Bindl. Ms. Bindl must wait for Senate confirmation or Frank Probst's resignation, and will succeed Frank Probst. Introductions went around the table.

**BOARD ROSTER**

Noted.

**2004 MEETING DATES**

Jim Johnson, Chair, requested that the August 5, 2004 meeting date be changed as he will be out of the country on this date. A new date could be schedule on July 15, July 29, or August 19, 2004. The Board will select a date at their next meeting on May 6, 2004.

**SUMMARY REPORTS ON PENDING COURT CASES, DISCIPLINARY CASES AND  
ADMINISTRATIVE RULES AND MONTHLY PRESS RELEASE OF DISCIPLINARY  
ORDERS**

Noted.

**PEER REVIEW ADVISORY COMMITTEE**

Mr. Lowrie reported that the Peer Review Advisory Committee is meeting in February or March. The Department received a name from WCIPA to be included on the Committee. The WICPA has selected Bob Wortinger from the licensed CPA firm of Kiesling Associates. Mr. Wortinger has chaired the WICPA committee on Peer Review. Norbert Johnson and a Department Representative will also be on this subcommittee.

The scope of the subcommittee would be to “discuss, identify, and communicate issues that arise in the application and regulation of Chapter Accy 9 and make recommendations to the Accounting Examining Board and the Department regarding these issues.”

The Board has approved AICPA Peer Review Program administered by the WICPA as required by Accy 9.05 of the Accounting Examining Board’s rules on Peer Review. The Committee will bring a report with their recommendations and considerations to the Board in May.

**MOTION:** Frank Probst moved seconded by Tom Kilkenny, to approve WICPA to be a Peer Review Program for conducting peer reviews required by Accy 9.06. Motion carried unanimously.

While the Board has accepted the WICPA program as meeting the standards for peer review, as part of the discussion, the Board affirmed its intent that firms licensed in Wisconsin that audit the SEC registered clients would be required to participate both in the Peer Review Program and the PCAOB inspection. A licensed Wisconsin firm inspected by the PCAOB is not a substitute for the peer review because the Board understands that the PCAOB inspection will cover only audits of a firm’s clients who are registered with the SEC.

**NASBA  
FUNDING FOR 2004 EXECUTIVE DIRECTORS AND 9<sup>TH</sup> ANNUAL CPE  
CONFERENCE-SAVANNAH, GEORGIA, FEBRUARY 8-11, 2004**

Mr. Lowrie reported that he is not attending the 2004 Executive Directors and 9<sup>th</sup> Annual CPE Conference in Savannah, GA on February 8-11, 2004. The Board felt that the Bureau Director should have attended this meeting to represent Wisconsin and to keep up-to-date on the issues to bring back to the Board and the citizens of Wisconsin.

The Board suggested that Mr. Lowrie contact NASBA to see if they would be willing to fund travel expenses for the Executive Director to attend these meetings. Mr. Lowrie will contact NASBA to get information on this meeting, via a tape of the meeting or minutes.

## **NOMINATION FOR NASBA OFFICER**

Frank Probst requested support from the Board to nominate Diane Rubin from California for Vice Chair of NASBA based on her credentials.

**MOTION:** Frank Probst moved, seconded by Sharon Hamilton, that the Wisconsin Accounting Examining Board sends a letter in support of nominating Diane Rubin for the position of Vice Chair of NASBA. Motion carried unanimously.

The Board authorizes Frank Probst to write a letter from the Accounting Examining Board nominating Diane Rubin as Vice Chair of NASBA.

## **ADMINISTRATIVE RULES STATUS OF CLEARING HOUSE RULE 03-071**

Ruby Jefferson-Moore reported on CH 03-071. The Housekeeping and Modernization and Act may become effective April 1, 2004.

## **ELIMINATION OF ACCY 3.055**

Mr. Tichenor met with the Board to discuss eliminating the 60-day limit in Accy 3.055 based on the new computer exam. Dropping the rule would benefit the candidates and lessen the administrative work as a candidate could take the exam in any state at any location by just scheduling an appointment. The 2004 exam dates are April, May, July, August, October, and November.

CPACE will be handling all the registrations, scheduling, management and fee collections. Candidates must have approval to sit for the exam and must apply at the precise window or they will lose their fees. Candidates have to access the 60-day option prior to graduation but cannot sit before 60 days prior to graduation. Candidates who graduate in May would like to take the examination in May before they commence employment. CPACE will have the administrative burden to document which candidates are in compliance.

The Board agreed not to eliminate Accy 3.055 until the Board can review how CPACE handles the administrative process and implementation of the exam with the rule in place. If CPACE has a problem, the Board will look at changing the 60-day requirement.

Darwin reported that the Department is following the implementation of the change in CPACE transition. The Department is reviewing all applications and procedures from CPACE prior to posting on the website for registering candidates to take the examination.

Candidates may schedule to take the examination by signing up on NASBA'S website. The Department will post information on the Department's website, and publish information in the Regulatory Digest Newsletter.

The Board suggested that one of the Board members review an exam site. Mr. Tichenor stated that the Board members were welcome to visit the exam site.

### **EXAMINATION/APPLICATION ISSUES**

#### **CONTENT OF THE STRUCTURE OF ETHICS EXAM -DARWIN TICHENOR**

Mr. Tichenor reported that the Ethics Examination Review Committee met on December 12, 2003 to review the content of the Wisconsin ethics examination in light of recent changes to the administrative code. The Committee reviewed the new code on peer review Accy 9, changes in Accy 1, and AICPA Professional Standards reference in Accy 1.

The Committee suggested that sample questions be drawn from sections of the AICPA Standards and be included in a revised ethics examination. General questions in the revised ethics examination would include other sections of the AICPA Standards referenced in Accy 1, which require candidates to know of the inclusion of these standards in Wisconsin practice.

The Committee recommended that three questions be directed to Accy 9 and anticipate that the revised ethics examination would be expanded from the current 45 questions to a minimum of 50 questions up to a maximum of 60 questions.

**MOTION:** Sharon Hamilton moved, seconded by Tom Kilkenny, to approve the revisions to the ethics examination. Motion carried unanimously.

Mr. Tichenor requested that another subcommittee meet for one full day to write 12-15 questions. Frederick Franklin, Karen Bindl, Sharon Hamilton, Kim Tredinnick, WICPA, Lucretia Mattson, and/or Terry Von Haden may serve on this subcommittee to expand the exam questions.

The amount of questions will be determined at the time the committee meets to review the questions. The committee will review each question and approve all the questions written. The final outline of the new exams will go before the Board in July for approval.

#### **CHEATING ON EXAMINATIONS RL 4.**

Mr. Lowrie reported on the Department's universal cheating policy. The new RL 4 rule will create consistency and efficiency regarding discipline. Mr. Lowrie asked for the Board member's comments regarding the Department's new cheating rule. Boards may use their discretion regarding discipline

#### **DUPLICATE APPLICATIONS – WILLIAM VANDEN HEUVEL**

The Board reviewed and discussed William Vanden Heuvel letter objecting to paying two fees, one for the individual CPA and one for the firm's license. Mr. Vanden Heuvel felt there should be one fee for both licenses. Mr. Vanden Heuvel received a letter from William Dusso dated December 9, 2003 explaining the rules of the Board. Mr. Lowrie will write a letter to Mr. Vanden Heuvel and refer him back to William Dusso's letter stating the current rules regarding licensure are to be enforced.

## **PRACTICE ISSUES UNAUTHORIZED PRACTICE OF LAW LETTER**

Mr. Lowrie reported on the unauthorized practice of law. This law may have an impact on how CPA's and other professionals within the Department can conduct business.

Mr. Lowrie summarized the background history on what the State Bar is trying to accomplish before the Supreme Court. The Wisconsin State Bar recommended appointing a committee to promulgate rules and establish a regulatory system related to the unauthorized practice of law.

LeRoy Schmidt WICPA reported that the State Bar received a request asking for verifications of problems that have occurred to justify changing the definitions of the practice of law. If you cannot define the practice of law and unauthorized practice of law in words and if there is no harm to the public, then why change the definition of the practice of law?

## **BOARD MEMBER ACTIVITY**

Tom Kilkenny reported that he is active on NASBA Regulatory Structures Committee. Mr. Kilkenny served on a subcommittee that discussed "promoting substantial equivalency" and feels that Wisconsin should take steps in regards to temporary practice of accounting in Wisconsin.

The CPA exam is the same in every state and most jurisdictions have the same requirements including one year of experience prior to licensure. Wisconsin does not allow someone to temporarily practice in Wisconsin without having to complete an application for a permanent license and complete the ethics examination. For example, it could take an applicant two months to receive a license to conduct a one-day audit in Wisconsin. Mr. Kilkenny felt that Wisconsin should allow a CPA from another state that has substantially equivalent rules as Wisconsin to practice in Wisconsin without having to obtain a permanent license. Residents of Wisconsin or those with an office location in Wisconsin would not be eligible for temporary licensure by notification.

The idea is very similar to the acceptance by the various states of a drivers license. We allow Illinois residents to drive in Wisconsin without obtaining a Wisconsin drivers license. Illinois reciprocates and allows a holder of a Wisconsin driver's license to drive in Illinois without obtaining an Illinois license. However, if the holder of an Illinois driver's license moves to Wisconsin, they must obtain a Wisconsin license.

Some states are making their own rules while others states are working with neighboring states. We will accept your CPA's if you will accept ours and then will adopt statutes and rules that will allow candidates from a few states without the candidates having to go through the complete licensing cycle. If Wisconsin makes it easier for another state's CPA to work in Wisconsin these states could let Wisconsin CPA's work in their state

As one example, the State of Oklahoma will allow a CPA licensed in a substantially equivalent state to practice in Oklahoma by simply completing a simple on-line notification form. If that CPA's home state accepts an Oklahoma candidate without requiring a fee, Oklahoma will accept

the CPA practicing without requiring a fee. Since Oklahoma considers Wisconsin to be a substantially equivalent state, a Wisconsin CPA can practice very easily in Oklahoma; however, because WI would require a fee for an Oklahoma CPA wishing to practice here temporarily, the WI CPA must pay a fee to OK. This allows a candidate to work temporarily in Oklahoma by filling out a notification that they intend to practice in Oklahoma.

Mr. Kilkenny will study and investigate what Wisconsin can do to implement temporary licenses in our State. This may require a statute change to 442.05.

The Board approved that Tom Kilkenny research Wisconsin allowing out of state CPA's to practice temporarily in Wisconsin without going through the licensure process. The Board also confirmed its unanimous support for implementing this, as this was one of the primary reasons the Board had unanimously supported passage of the UAA in Wisconsin a few years earlier.

Mr. Johnson reported that NASBA continues to send survey's on the web and by e-mail. NASBA requested that the Board appoint a representative to answer these surveys and other questions.

**MOTION:** Sharon Hamilton moved, seconded by Jim Johnson, to nominate Tom Kilkenny as the Board representative to answer surveys from NASBA and to answer other questions. Motion carried unanimously.

#### **VISITORS COMMENTS**

None.

#### **PRESENTATION OF PROPOSED STIPULATIONS BY DIVISION OF ENFORCEMENT**

None.

#### **CLOSED SESSION**

**MOTION:** Jim Johnson moved, seconded by Sharon Hamilton, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Motion carried by roll call vote: Sharon Hamilton- yes, Jim Johnson - yes, Frank Probst – yes, Thomas Kilkenny – yes, Frederick Franklin-yes.

Open session recessed at 11:45 a.m.

#### **RECONVENE TO OPEN SESSION**

**MOTION:** Sharon Hamilton moved, seconded by Frank Probst, to reconvene into open session at 12:00 noon. Motion carried unanimously.

**VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION, IF  
VOTING IS APPROPRIATE**

- MOTION:** Tom Kilkenny moved, seconded by Sharon Hamilton, to approve the eighteen candidates that the Board approved on February 5, 2004 based on examination, transfer of credit from another state and endorsement of license from another state. Motion carried unanimously.
- MOTION:** Tom Kilkenny moved, seconded by Sharon Hamilton, to approve the 11 candidate's contingent upon receipt of passing scores for the ethics examination. Motion carried unanimously.
- MOTION:** Tom Kilkenny moved, seconded by Sharon Hamilton, to approve the seventy-seven certified public accountants licenses on list dated February 5, 2004. Motion carried unanimously.

**APPLICATIONS REVIEWED ON FEBRUARY 5, 2004**

The Board took the following action on applications. Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

**FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT**

**1. Approved – 18**

Adam, Amy M	Lund, Paula J
Beardsley, Stephanie L	Nelson, Kathleen L
Erickson, Kathryn L	Oja, Sherry L
Friedrichs, Daniel W	Peterson, Stacy L
Helein, Vicki A	Petsinger, Duane B
Larson, Michael J	Rudser, Brent O
Lebiecki, Darren R	Thompson, Robert A
Lebiecki, Jennifer R	Turtenwald, Dean A
Le Brun, Richard H	Wagner, Kristi L

**2. Approved – 11 contingent of passing ethics exam score, other state's verification or fee**

Apelbeck, Dana M	Hebert, Linda L
Batten, Geraldine D	Kamla, Margaret A
Botdorf, Valerie L	Kim, Jeajin
Brandenburg, Jennifer L	King, Becky J
Currie, Jonathan B	Zajicek, Elizabeth A
Giermek, Christopher P	

**CASE CLOSINGS  
STIPULATIONS  
ADMINISTRATIVE WARNINGS**

None.



**PENDING APPLICATIONS  
JEAJIN KIM**

**MOTION:** Sharon Hamilton moved, seconded by Tom Kilkenny, to approve Jeajin Kim contingent of passing ethics exam score, other state's verification or fee. Motion carried unanimously

**REINSTATEMENT REQUESTS  
EXAMINATION ISSUES  
NEW BUSINESS  
SUCH OTHER MATTERS AS DEFINED BY LAW**

None.

**ADJOURNMENT**

**MOTION:** Sharon Hamilton moved, seconded by Frank Probst, to adjourn the meeting at 12:04 p.m. a.m. Motion carried unanimously.

**NEXT MEETING: MAY 6, 2004**

**NEXT MEETING AGENDA ITEMS**

- Temporary license
- Unauthorized Practice of Law
- The Peer Review Advisory Committee will bring a report with their recommendations and Considerations to the Board in May. (Accy 9)